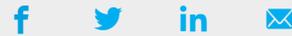




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Is Your Board Prepared for the Future? Navigating COVID-19 and Beyond



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Today's COVID-19 crisis could lead boards and management to make important decisions with undesirable consequences.

Unprecedented, unpredictable, uncertainty—these are words associated with the COVID-19 pandemic. They contrast with those usually associated with effective decision-making by boards—measured, well-considered, calculated.

Boards and management report that the COVID-19 shock is a very challenging decision-making test from which they will need to learn. This unprecedented multi-faceted global shock has revealed limitations to societal and organizational resilience, with long-term repercussions for businesses, governments, and citizen-consumers.

Experts in CEO and board succession, board ESG education, and strategic foresight from three different organizations—Odgers Berndtson, Competent Boards, and Baker McKenzie—wrote this brief article with the express purpose of sharing a credible, unified view of their disciplines to assist boards navigating COVID-19 and beyond.

In a world unprepared for various impacts of the COVID19 global pandemic, how does a board prepare for future unpredictable uncertainty?

There will be no new normal after COVID-19. Challenges for organizational leadership include the aggregated effect of fragmented expertise that makes up an organization's external and internal advisors—and how directors and managers consume, interpret and address advice provided.



Shareholder and stakeholder primacy issues are daunting. Today there is increasing complexity and conflict inherent in competing shareholder and stakeholder priorities in the short, medium, and long-term. There are essential proposals to expand the fiduciary duty concept to accommodate stakeholder issues, primarily environmental, social, and governance (ESG) matters.

Stern Expectations

As a consequence, stern shareholder and stakeholder expectations of directors—and outsized risks directors face—continue to grow. The increasing cost of directors and officers (D&O) Insurance, an already stressed market, reflects insurers' concerns about risks associated with being a director during and after the global pandemic.

Unfortunately, a limited number of boards are competent enough to use insights effectively and to embrace the benefits of integrated thinking at a time of transformative change. This is why additional directors need to take into account integrated perspectives during a time of transformation.

Integrated Advisory

External advisors should have a complement of hindsight, oversight, and foresight capabilities in their respective arsenals of domain expertise. These capabilities, including collaborating effectively with one another to develop a credible unified view, should materially improve boards' ability to reduce risk and take advantage of opportunity in the COVID-19 context.

Hindsight – History should be a guide. The 2007-10 financial crisis provided opportunities to implement transformative changes for boards to challenge the status quo, including outdated organizational structures, business models, strategy, culture, and workforce norms and composition.

Oversight – Crises demand enhanced control. An effective board “manages management” during a crisis. It ensures that management clearly understands the impact of the disruption in their business context, supports the development of action plans, and monitors implementation.

Foresight – Navigating crises requires foresight. Foresight helps to test assumptions by developing and using scenarios so that organizations can prepare defensively and proactively to address conditions of turbulence, unpredictable uncertainty, novelty, and ambiguity. The CEO and board have an opportunity to develop their capacity to foresee the challenges posed by the external environment and to find ways to thrive. CEO succession planning redefines the required traits for the transformation that lies ahead.

Strategic foresight can be used four ways: to prepare your board and management for risks and opportunities, to evaluate your board's effectiveness, to identify an appropriate mix of board competencies, and to define critical skills for board renewal.

Credible Unified View

A credible unified view linking board practice, board leadership education, and strategic foresight is provided in the following table:

Odgers Berndtson

Board Practice

- Crises provide the opportunity to implement transformative changes.
- Use foresight as a tool to build accountability and guide for CEOs to focus on mid- and long-term value creation.
- Ensure that the board has the right risk management tools to oversee ESG issues effectively.
- Redefine CEO attributes, mindset, and traits required for leadership at a time of transformation.
- Develop or revise the policy and tools for performance evaluation.
- Make succession planning a priority and develop diverse leaders that can thrive despite uncertainty; are adaptable, curious, courageous for continuous change, and are excellent communicators of the company's vision.
- Dare to challenge the status quo, including outdated organizational structures, business models, strategy, culture, and the workforce.
- Evaluate the effectiveness of your board. Just as you review your company portfolio, review the competence of your board at a time of transformation, and define the skills required.

Competent Boards

ESG Leadership Education

- Keep going – and learn from the crisis.
- Know your ESG reputation with key stakeholders and act on it.
- Prioritize health and safety (H&S) of key stakeholders –ensure H&S is key to the culture through brief conversations on key topics.
- Ensure existing products, services, and business models are resilient and fit for the future.
- Ensure you know about key interdependencies in your supply chain and human rights risks.
- Base decisions on multiple scenarios and use adaptive planning guided by values and purpose.
- Ensure that the right skill set and mindset are in place – if not, they both must be a key priority.
- Build trust while rethinking and reassessing the business and its relationships to win hearts, minds, and wallets.
- Use integrated reporting to ensure internal and external understanding of interconnected value streams.
- Be courageous, competent, and caring.

Baker McKenzie

Strategic Foresight

- When times reflect conditions of turbulence, unpredictable uncertainty, novelty and ambiguity (TUNA), strategic foresight provides boards with a methodology to understand how aspects of the past, present, and anticipated future could affect the organization's prospects.
- Engaging scenario planning expertise can contribute to a board culture that integrates, rather than separates functional silos, thereby improving strategic conversation, decision -making, and strategy development.
- Developing and using different scenarios regularly can help boards illuminate blind spots, test assumptions, and see the risk/ opportunity landscape more clearly.
- Boards should create an advisory committee of experts in strategic foresight and areas such as climate science, global health, social change, technological disruption, to continually prepare for disruptive risk and opportunity.

Boards require fresh approaches when facing disruption. The COVID-19 global pandemic places an even greater spotlight on the board's effectiveness in supporting transformation. One strategic advantage boards cannot afford to ignore is gaining access to the right advisors who can collaborate across functional silos and offer an integrated view for boardroom debate and deliberation.

About the Authors

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Mary Francia is a Partner in the Board Practice and based in the Atlanta office. She brings 25 years of international senior leadership experience and Management Consulting in Latin America, USA, and Europe Telecom and Consumer Electronics sectors. As a board advisor, she focuses on enhancing effective oversight at a time of transformation with board composition strategy and succession planning. Before joining Odgers Berndtson, Mary was a Management Consultant for market development, portfolio transformation, and risk management. Previously, she held strategy, marketing, and sales roles at Nokia, Royal Philips, Time Warner Cable, Flex, and Air-Liquide. Mary is a Certified Director in International Corporate Governance and holds a Bachelor in Business Administration and an MBA in International Business.

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Helle Bank Jorgensen is the CEO of Competent Boards which offers the global online Competent Boards Certificate Program with a faculty of over 75 global board members, executives and experts. She is a strategic, as well as operational, ESG adviser to boards, executives, and investors. As an experienced board facilitator and board member, she serves on His Royal Highness Prince of Wales A4S Global Expert Panel as well as WBCSD Governance & Internal Oversight High-Level Advisory Group. A business lawyer and state-authorized public accountant by training, Helle helps global companies and investors turn sustainability into strong financial results. She was the creator of the world's first Green Account based on lifecycle assessment, as well as the world's first Integrated Report. Helle has written numerous thought leader pieces, is a keynote speaker and interviewed by global media outlets.

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